

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

FIRST SET OF INFORMATION REQUESTS TO  
KEYSPAN ENERGY DELIVERY NEW ENGLAND  
DTE 03-86

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Pursuant to 220 C.M.R. § 1.06 (6)(c), the Department of Telecommunications and Energy (“Department”) submits to KeySpan Energy Delivery New England (“Keyspan” or “Company”) the following Information Requests:

**INSTRUCTIONS**

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed. Further, these requests shall be deemed continuing so as to require further supplemental responses if the or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
3. The term “provide complete and detailed documentation” means:  
  
Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.
4. The term “document” is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
5. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.

6. Please serve copies of the responses as follows: one (1) copy of the responses to Mary Cottrell, Secretary of the Department and on all parties; one (1) copy of the responses to Michael Killion, Hearing Officer, on three-hole punch paper; three (3) copies of the responses to Alexander Kofitse, Gas Division.

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**INFORMATION REQUESTS**

- DTE 1-1 Refer to the cover letter of the filing, at 1. Please:
- (a) explain in detail why Keyspan and the Non-Utility Parties to the Settlement (“Non-Utility Parties” or “Settling Parties”) want to change the terms of the Settlement regarding the Company’s DSM programs. Discuss the conditions that have changed since the Settlement to warrant a change in the terms of the Settlement; and
  - (b) provide all correspondence between the Company and the Non-Utility Parties regarding the decision to change the terms of the Settlement, e.g. agreements, minutes of meetings, memos, e-mail, etc.
- DTE 1-2 Refer to the cover letter of the filing, at 1. Please justify (1) the proposed increase in the annual budget from \$12,000,000 to \$12,500,000, and (2) the allocation of the additional \$500,000 to the low-income program. Show clearly how the additional \$500,000 was calculated. Provide all worksheets and documentation that support the proposed increase.
- DTE 1-3 Refer to the cover letter of the filing, at 1. Please use actual program implementation data to show that each measure included in Keyspan’s Demand-Side Management/Market Transformation Program (“DSM”) under the Settlement continues to be cost-effective and meets the Department’s guidelines for approval. Provide all worksheets, calculation, and documentation that support your analysis.
- DTE 1-4 Refer to the cover letter of the filing, at 1. Please explain how Keyspan recovered its Residential Conservation Service (“RCS”) program shareholder incentives prior to this filing. Also explain the reasons for proposing any changes to the recovery mechanism.
- DTE 1-5 Refer to the cover letter of the filing, at 2. Please:
- (a) explain what the Company means by “the current funding of \$2.7 million dollars per year for low income programs was insufficient to cost effectively provide comprehensive weatherization measures for the number of customers seeking to participate in the Company’s program.”

- (b) compare the actual versus projected participation rates for the Company's low income programs for the years 2002 and 2003. Provide all worksheets, documentation, and assumptions in support of your calculation; and
- (c) provide projected participation rates for the Company's low income programs for the years 2004, 2005, 2006, and 2007. Provide all worksheets, documentation, and assumptions in support of your calculation.

DTE 1-6 Refer to the cover letter of the filing, at 2. Please:

- (a) compare the actual versus projected participation rates for the Company's other (i.e., non low-income) programs for the years 2002 and 2003. Show how the participation rates were calculated. Provide all worksheets, documentation, and assumptions in support of your calculation; and
- (c) provide projected participation rates for the Company's other (i.e., non low-income) programs for the years 2004, 2005, 2006, and 2007. Show how the participation rates were calculated. Provide all worksheets, documentation, and assumptions in support of your calculation.

DTE 1-7 Refer to the cover letter of the filing, at 2. Using actual program implementation data, please compare the actual versus projected participation rates for each measure included in the Company's DSM programs for the years 1997, 1998, 1999, 2000, and 2001. The calculation should cover all DSM measures (with the exception of market transformation initiatives) offered by the Company to customers, including low-income customers. Provide all worksheets, documentation, and assumptions in support of your calculation.

DTE 1-8 Refer to the cover letter of the filing, at 2. Please:

- (a) provide reasons for the "sufficient underspending from the prior program",
- (b) calculate the amount of the underspending from the prior program,
- (c) calculate the amount that the Company would need "to cover the additional demand in Program Year 1", and
- (d) demonstrate that "going forward additional funding would be required or the level of weatherization services offered would need to be reduced."

DTE 1-9 Refer to the cover letter of the filing, at 2. Please show how Keyspan calculated "the overall cost benefit ratio of the program." Provide all worksheets and supporting documentation to support your calculation.

- DTE 1-10 Refer to the cover letter of the filing, at 2. Please provide a copy of the Company's April 11, 2003 report to the Department referred to here.
- DTE 1-11 Refer to the cover letter of the filing, at 2. Please support the Company's claim that, for the period May 1, 2002 through April 30, 2003, the average yield of the 3-month Treasury Bill was 1.14 percent.
- DTE 1-12 Refer to the cover letter of the filing, at 2. Please:
- (a) demonstrate that a 4 percent - 6 percent range for the average yield of the 3-month Treasury Bill was "contemplated during the DTE 98-100 proceeding",
  - (b) demonstrate that, for Keyspan, "the 3-month Treasury Bill rate is no longer sufficient to properly promote good program management", and
  - (c) provide documentation that shows that the Company's corporate tax rate is 41.5 percent. What was the Company's corporate tax rate during the DTE 98-100 proceedings?
- DTE 1-13 Refer to the cover letter of the filing, at 2. Please:
- (a) show how the 4.25 percent rate that the Department approved as a substitute for the 3-month Treasury Bill rate for Massachusetts Electric Company and Nantucket Electric Company, D.T. E. 00-65-A was calculated,
  - (b) show how the 4.25 percent rate that Keyspan is proposing to substitute for the 3-month Treasury Bill rate for Program Year 1 was calculated, and
  - (c) demonstrate that the conditions under which Keyspan is proposing to substitute a rate of 4.25 percent for the 3-month Treasury Bill rate are the same as the conditions under which the Department approved a similar substitution of rates for Massachusetts Electric Company and Nantucket Electric Company, and
  - (d) indicate what the 3-month Treasury Bill rate was at the time the 2002-2007 settlement was filed for approval by the Department.
- DTE 1-14 Refer to the cover letter of the filing, at 2. Please:
- (a) show how the 5 percent rate that Keyspan is proposing to substitute for the 3-month Treasury Bill rate for Program Years 2-5 was calculated,
  - (b) justify the increase in the rate from 4.25 percent for Program Year 1 to 5 percent for Program Years 2-5 that the Company is proposing, and
  - (c) explain whether the Department approved a similar increase in rates for Massachusetts Electric Company and Nantucket Electric Company.

- DTE 1-15 Refer to the cover letter of the filing, at 2. Please explain why “[i]n exchange for a higher interest rate, the Settling Parties also agreed that changes to the metrics upon which incentive awards for Program Years 2-5 will be based are necessary and appropriate.” Discuss the link, if any, between interest rates and the metrics upon which incentive awards are based.
- DTE 1-16 Refer to the cover letter of the filing, at 2. Please:
- (a) explain how the new metrics proposed by the Settling parties “will allow verification of energy savings resulting from the Company’s programs and a demonstration that the programs are being delivered in a cost-effective manner”, and
  - (b) explain whether Keyspan has done any evaluation study to determine the reliability and accuracy of the current metrics regarding the energy savings resulting from the Company’s DSM programs. Provide any evaluation reports in support of your answer.
- DTE 1-17 Refer to Attachment A of the filing, at 1. Please:
- (a) support the Company’s claim that, for the period May 1, 2002 through April 30, 2003, the average yield of the 3-month Treasury Bill was 1.41 percent, and
  - (b) explain whether the average yield of the 3-month Treasury Bill for the period May 1, 2002 through April 30, 2003 was 1.14 percent (see cover letter at page 2) or 1.41 percent (see Attachment A at page 1).
- DTE 1-18 Refer to Attachment A of the filing, at 1, 3. Please:
- (a) explain how the proposed Exemplary Level of 110 percent for Program Years 2-5 was calculated, and
  - (b) explain how the change in the Exemplary Level from 125 percent to 110 percent for Program Years 2-5 will affect ratepayers.
- DTE 1-19 Refer to Attachment A of the filing, at 3. Please:
- (a) explain the basis for dividing performance goals into (a) program performance, (b) the cost effectiveness of program delivery, and (c) total term savings from program participants,
  - (b) explain how each performance goal is measured,
  - (c) explain how the proposed measurement of program performance differs from the program performance measure approved in DTE 98-100,
  - (d) explain how the change in program performance measure will affect ratepayers and shareholders, and
  - (e) explain why the cost effectiveness of program delivery will not include the Low-Income Program, the Building Technology and Demonstration Program, the Trade Ally activities and other education initiatives.

- DTE 1-20 Refer to Attachment A of the filing, at 1, 3. Please:
- (a) explain how the proposed Threshold Level of 70 percent for Program Year 2 was calculated, and
  - (b) explain how the change in the Threshold Level from 75 percent to 70 percent for Program Year 2 will affect ratepayers.
- DTE 1-21 Refer to Attachment A of the filing, at 4. Please explain how each of the following is measured. If possible, express your answer mathematically.
- (a) Performance (column 2, Table-i and Table-ii)
  - (b) Value (column 3, Table-i and Table-ii)
  - (c) Savings (column 4, Table-i and Table-ii)
- DTE 1-22 Refer to Attachment A of the filing, at 4. Please show how each figure shown in Table-i and Table-ii was calculated. Provide worksheets to support your answer.
- DTE 1-23 Refer to Attachment A of the filing, at 4. Please explain the statement: “[to] validate the projected therm savings that result from participation in the Company’s programs.”
- DTE 1-24 Refer to Attachment A of the filing, at 6. Please explain the following:
- (a) Secondary research
  - (b) Bill Impact Studies
  - (c) On-Site Measurement
- DTE 1-25 Refer to Attachment A of the filing, at 6. Please explain how a “total research budget of no more than 3 percent of the total Program budget” was determined.
- DTE 1-26 Refer to Attachment A of the filing, at 6. Please explain whether Keyspan has had any problems with the results of the Gas Evaluation and Monitoring Study (GEMS) regarding their (a) accuracy, (b) reliability, and (c) cost effectiveness to verify the savings that result from participation in the Company’s DSM programs.
- DTE 1-27 Refer to Attachment A of the filing, at 6. Please explain what the Company means by “industry wide research study data.”
- DTE 1-28 Refer to Attachment A of the filing, at 7. Please explain the basis for the proposal to implement the savings verification methods for approximately 50 percent of the programs and/or measures in Program Year 3, and for the remaining 50 percent of the programs and/or measures in program Year 4.

- DTE 1-29 Refer to Exhibit 1 of the filing (DSM/MT Program Year One: Final Expenditure). Please:
- (a) express the figures shown in the Table as a percentage of their respective row totals, and
  - (b) express the figures shown in the Table as a percentage of their respective column totals.
- DTE 1-30 Refer to Exhibit 2 of the filing (DSM/MT Program Year One: Shareholder Incentive Calculation Using DTE 98-100 Standards). Please:
- (a) explain how the Company measured “Web Site Hits”, and
  - (b) explain how Keyspan set the Year 1 Design Performance target of 5,000 Web Site Hits.
- DTE 1-31 Refer to Exhibit 2 of the filing (DSM/MT Program Year One: Shareholder Incentive Calculation Using DTE 98-100 Standards). Please explain the difference between “Design Incentive” and “Earned Incentive”. Show the relationship between the two.
- DTE 1-32 Refer to Exhibit 2 of the filing (DSM/MT Program Year One: Shareholder Incentive Calculation Using DTE 98-100 Standards). Please express the figures shown in the following columns as a percentage of their respective column total:
- (a) Estimated After-Tax Design Incentive (column 6)
  - (b) Estimated Pre-Tax Design Incentive (column 7)
  - (c) Estimated After-Tax Earned Incentive (column 8)
  - (d) Estimated Pre-Tax Earned Incentive (column 9)
- DTE 1-33 Refer to Exhibit 2 of the filing (DSM/MT Program Year One: Shareholder Incentive Calculation Using DTE 98-100 Standards). Please show that each measure included in the calculation of shareholder incentive is cost effective.
- DTE 1-34 Refer to Exhibit 3 of the filing (DSM/MT Program Year One: Shareholder Incentive Calculation). Please express the figures shown in the following columns as a percentage of their respective column total:
- (a) Estimated After-Tax Design Incentive (column 6)
  - (b) Estimated Pre-Tax Design Incentive (column 7)
  - (c) Estimated After-Tax Earned Incentive (column 8)
  - (d) Estimated Pre-Tax Earned Incentive (column 9)
- DTE 1-35 Refer to Exhibit 4 of the filing (Revised DSM/MT Program Activity Budget: FY 2003-2004). Please:
- (a) express the figures shown in the Table as a percentage of their respective row totals, and

- (b) express the figures shown in the Table as a percentage of their respective column totals.

- DTE 1-36 Refer to Exhibit 5 of the filing (DSM/MT Program Year Two: Shareholder Incentive Example). Please:
- (a) explain how the Company defines “New Users” for “Energy Analysis: Internet Audit Guide”,
  - (b) explain how the “New Users” measure differs from the “Web Site Hits” measure that the Company used in Exhibit 2, and
  - (c) express the figures shown in column 2 (Budget), column 5 (Estimated After-Tax Design Incentive”, and column 6 (Estimated Pre-Tax Design Incentive) as a percentage of their respective column total.
- DTE 1-37 Refer to Exhibits 2 and 5 of the filing. Using actual program implementation data, please calculate the probability that, for each measure that is included in the calculation of shareholder incentives, Keyspan will achieve:
- (a) 70 percent or more of the goal for the measure in a program year,
  - (b) 75 percent or more of the goal for the measure in a program year,
  - (c) 100 percent or more of the goal for the measure in a program year,
  - (d) 110 percent or more of the goal for the measure in a program year, and
  - (e) 125 percent of the goal for the measure in a program year.
- DTE 1-38 Refer to Exhibits 3, 5 and 6 of the filing. Please explain why the Company used different effective corporate tax rates to calculate the shareholder incentives.
- DTE 1-39 Refer to Exhibit 6 of the filing (DSM/MT Program Year Two: Available Shareholder Incentive Calculation by Component). Please express the dollar figures shown in the first and third Tables as a percentage of their respective column total.
- DTE 1-40 Refer to the cover letter of the filing, at 2. Please explain whether Keyspan has collected any shareholder incentives associated with its performance in Program Year 1?